

Message Text

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11

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 COME-00 INT-08 L-03 TRSE-00

SPC-03 AID-20 NSC-10 RSC-01 CIEP-02 SS-15 STR-08

OMB-01 CEA-02 CIAE-00 INR-10 NSAE-00 DRC-01 /112 W

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R 142101Z SEP 73

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 3610

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E.O. 11652: N/A

TAGS: EIND, ETRD

SUBJ: US FERROUS SCRAP EXPORTS

REF: A. STATE 179486; B. BA 6085

1. EMBASSY HAS PASSED SUBSTANCE OF REF A TO ARGENTINE AUTHORITIES IN FONOFF WHO HAVE CONTINUED INQUIRIES CONCERNING POSSIBILITIES FOR INCREASED SUPPLIES FERROUS SCRAP. FONOFF OFFICIAL INDICATED HE WOULD SPEAK TO STEEL INSTITUTE PERSONNEL SO THAT INDUSTRY IN ARGENTINA WOULD BE AWARE OF NEED TO FOLLOW UP PREVIOUS ORDERS AND EXPEDITE LICENSING AND SHIPPING.

2. SAME EMBASSY SOURCE INFORMS THAT DOC OFFICIALS AGREED TO HOLD MEETING WITH ARGENTINES IN SEPTEMBER TO FOLLOW UP CONVERSATIONS OF JULY. ARGENTINES NOW AWAITING WORD FROM ARGENTINE EMBASSY IN WASHINGTON CONCERNING ESTABLISHMENT OF DATE FOR MEETING TO WHICH STEEL INSTITUTE OR INDUSTRY REPS WOULD TRAVEL FROM ARGENTINA. DURING SUCH DISCUSSIONS, WE WOULD APPRECIATE IT IF DOC OFFICIALS DO NOT USE THE SPECIFIC FIGURES FOR ARGENTINE DOMESTIC SCRAP SUPPLIES WHICH EMBASSY PROVIDED IN REF B. WE GLEANED THESE FROM UNOFFICIAL SOURCES WHICH WE BELIEVE RELIABLE. THEY MAY, HOWEVER, DIFFER FROM FIGURES USED BY GOA. WE SUGGEST DOC

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OFFICIALS PROBE WITH ARGENTINES FOR THEIR MOST RECENT

ESTIMATE OF DOMESTIC SCRAP SUPPLIES.

3. IN RECENT DISCUSSIONS WITH STEEL INSTITUTE DIRECTOR, EMBOFFS WERE TOLD DOMESTIC SCRAP SUPPLIES ARE NOT COMING FORWARD AS INDUSTRY AND GOA WOULD WISH. PRIMARY SUPPLIERS, EVEN INCLUDING STATE RAILWAYS, APPEAR TO BE WITHHOLDING SCRAP BECAUSE OF DISSATISFACTION WITH PRESENTLY CONTROLLED PRICES WHICH IS SAID TO BE EQUIVALENT US\$70 PER METRIC TON. DEALERS ALSO APPARENTLY WITHHOLDING DOMESTIC SUPPLIES. ALTHOUGH IT IS INCONGRUOUS, GOA IS OFFERING SUBSIDY OF UP TO \$30 PER TON ON IMPORTED SCRAP TO MAKE UP DIFFERENCE BETWEEN CONTROLLED PRICE AND CIF COST OF IMPORTS. GOA APPARENTLY HOPES THAT SUBSTANTIAL SUPPLY FROM ABROAD IN FOURTH QUARTER COULD ACT TO INDUCE DOMESTIC SUPPLIERS TO BE MORE FORTHCOMING WITH OFFERS AT OFFICIAL PRICES. SITUATION DESCRIBED REINFORCES EMBASSY VIEW THAT, WHILE ARGENTINA COULD USE AND WOULD ABSORB SUBSTANTIAL QUANTITY OVER AND ABOVE 213 THOUSAND SHORT TONS EXPECTED BE AVAILABLE FROM US IN SECOND SEMESTER 1973, NO COMPELLING CASE HAS YET BEEN MADE FOR SPECIAL TREATMENT UNDER US EXPORT CONTROLS.

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